

1 Reorganized Debtor's, TCC's, TLC's and FCR's counsel at the request of the TCR
2 or the Plan Trustee shall be paid by the Plan Trust. To the extent necessary, the
3 Plan Trustee and the TCR are hereby designated as estate representatives
4 pursuant to and in accordance with Bankruptcy Code §1123(b)(3)(B).

5 11.10 Proof of Abuse. Within 30 days after written request therefor from
6 the TCR, each holder of a Tort Claim to be determined by the TCR shall complete
7 under oath the Questionnaire, shall produce all records and documents requested
8 by the TCR, shall consent to and cooperate in any examinations requested by the
9 TCR and performed by health care professionals selected by the TCR, and shall
10 consent to and cooperate in a written and/or oral examination under oath by the
11 TCR. The TCR also may, but shall not be required to, obtain evidence from the
12 Debtor, the Reorganized Debtor or any other party, and shall have all of the rights
13 and powers of the Debtor to take discovery under Part VII of the Bankruptcy
14 Rules. The TCR's determination shall be made expeditiously. The extent to which
15 the Federal Rules of Evidence will be applied by the TCR in assessing the
16 credibility and competency of evidence shall be within the sole discretion of the
17 TCR. The Federal Rules of Evidence, to the extent determined by the TCR to be
18 applicable, shall be liberally construed to promote justice.

19 11.11 Determinations by TCR and Requests for Reconsideration. The
20 TCR shall notify the Tort Claimant in writing of the TCR's determination with
21 respect to the Tort Claimant's Claim, which determination shall be final unless the
22 Tort Claimant makes a timely request for reconsideration and shall not be subject
23 to any appeal. The Tort Claimant may request reconsideration of such
24 determination by delivering a written request for reconsideration to the TCR within
25 20 days after the date of the TCR's determination, and may submit additional
26 evidence and argument in support of such request with such request. No other

1 person may request reconsideration or submit additional evidence or argument.
2 The TCR shall notify the Tort Claimant in writing of the TCR's determination of
3 such request for reconsideration. The TCR's determination of such request for
4 reconsideration shall be final and not subject to any appeal.

5 11.12 All Information about Tort Claimants Confidential. Subject to Article
6 11.9, all information the Plan Trustee, the TCR, the Debtor or the Reorganized
7 Debtor receive from any source about any Tort Claim, and all information the Plan
8 Trustee, the TCR, the Debtor or the Reorganized Debtor provide to another party,
9 shall be held strictly confidential and shall not be disclosed to any third party,
10 except to the extent ordered by a court of competent jurisdiction in connection with
11 a Litigation Tort Claim.

12 11.13 Allowance for voting. All Class 7 Tort Claims except Future Tort
13 Claims shall be temporarily allowed in the amount of \$1 for purposes of voting to
14 accept or reject this Plan.

15 11.14 Settlement Negotiations. To the extent provided by Federal Rule of
16 Evidence Rule 408, any settlement offers or any discussions of settlement shall
17 not be admissible for any purpose, and they are expressly determined not to be
18 admissions by any party.

19 11.15 Discretion to Defer or Accelerate Payments.

20 11.15.1 Deferral. The Plan Trustee shall have the discretion to
21 defer or pro rate any distribution to holders of Allowed Class 7 Tort Claims if the
22 Plan Trustee determines that there are not sufficient funds available to pay all
23 such Claims on the date when such distribution is payable.

24 11.15.2 Acceleration. On or after the date on which the
25 Convenience Fund has been funded and sufficient funds are available from other
26 Funds, the Plan Trustee shall make an interim distribution of \$15,000 per Claim to

holders of Tort Claims which have not yet been allowed and as to which the Plan Trustee in the case of Litigation Tort Claims and the TCR in the case of other Tort Claims has determined that there is not a material likelihood that the Claim of such holder will be finally allowed in an amount less than \$15,000.

11.16 Impairment. The Class 7 Tort Claims are impaired pursuant to the Plan.

ARTICLE 12 TREATMENT OF CLASS 8 CLAIMS (PRIEST RETIREMENT)

12.1 Distribution. Each holder of a Priest Retirement Claim shall be paid in full and on an on-going basis by the Reorganized Debtor in accordance with the Priest Retirement Plan, as it may be amended from time to time or as it may be replaced by another retirement plan with the approval of the Presbyterate and Presbyteral Council, on the latter of the Claim Payment Date or the date on which such Claim would have become matured and liquidated but for the filing of the Petition. Until the date on which the Debtor's Note is paid in full, (i) no amendment shall increase the amount payable to any person under the Priest Retirement Plan, (ii) the aggregate payments hereunder shall not exceed those provided for in the budget provided for in Article 15.1.1.3, and (iii) there shall be no payment of any asserted shortfall in funding for future payments under the Priest Retirement Plan.

12.2 Impairment. The Priest Retirement Claims are not impaired under the Plan.

ARTICLE 13 PLAN TRUST AGREEMENT; SELECTION OF PLAN TRUSTEE AND TCR

13.1 Plan Trust Agreement. On the Closing Date, the Reorganized Debtor and the Plan Trustee shall execute and commence implementing the Plan Trust.

1 13.2 Selection Of Plan Trustee and TCR. The initial Plan Trustee shall be
2 _____ ; and the initial TCR shall be Katrina ("Kate") Pflaumer.
3 If the TCR or the Plan Trustee resigns or becomes unable to serve, the TCC, the
4 FCR and the TLC may unanimously nominate a successor, whose appointment
5 shall be subject to the approval of the Honorable Patricia C. Williams, or in her
6 absence the Chief Judge of the U. S. Bankruptcy Court for the Eastern District of
7 Washington, after notice and a hearing. If the TCC, the FCR and the TLC do not
8 unanimously nominate a successor within 45 days after the TCR or the Plan
9 Trustee resigns or becomes unable to serve, the Honorable Patricia C. Williams,
10 or in her absence the Chief Judge of the U. S. Bankruptcy Court for the Eastern
11 District of Washington, shall designate a successor after notice and a hearing.

12 13.3 Counsel for Plan Trustee and TCR. If the Plan Trustee or TCR
13 employs counsel, no attorney or law firm that has represented any party in interest
14 in connection with the Bankruptcy Case shall be eligible for such employment.

15 **ARTICLE 14**
16 **INTENTIONALLY OMITTED**

17 **ARTICLE 15**
18 **MEANS OF IMPLEMENTATION OF THE PLAN**

19 15.1 Debtor's Note and Security Agreements.

20 15.1.1 Debtor's Loan Documents. The Reorganized Debtor shall
21 pay \$48 million to the Plan Trustee (and subject to the pro tanto reduction
22 provided for by Article 3.1.5) to pay Tort Claims, Professional Fees, and expenses
23 of determining Tort Claims and administration of the Plan Trust, as follows:

24 15.1.1.1 Loan Documents. On or before the Closing Date,
25 the Reorganized Debtor shall execute, acknowledge as necessary, and deliver to
26 the Plan Trustee (i) a Note for \$48 million which shall be nonrecourse with respect

1 to the last \$1 million of the principal balance thereof and shall be recourse with
2 respect to all other amounts payable thereunder, with the first \$37 bearing no
3 interest before October 1, 2007, the next \$10 million bearing no interest before
4 October 1, 2007 and bearing interest at the rate of 6% per annum from and after
5 October 1, 2007, and the last \$1 million bearing no interest before October 1,
6 2009, payable (a) from time to time upon the receipt by Reorganized Debtor of
7 payments on or the proceeds of any sale or other disposition of any item of the
8 Debtor's Collateral, (b) \$37 million due October 1, 2007, (c) \$10 million due
9 December 31, 2007, and (d) with the balance payable in full on October 1, 2009
10 ("Debtor's Note"); (ii) a first priority Deed of Trust and Security Agreement
11 ("Debtor's DOT"); (iii) financing statements; Lender's Policies of Title Insurance
12 and UCC searches satisfactory to the Plan Trustee; and (iv) such other documents
13 and instruments as the Plan Trustee shall require to evidence and secure payment
14 of the Debtor's Note (the documents and instruments referred to in clauses (i)-(iv)
15 are referred to collectively as the "Debtor's Loan Documents", all of which shall be
16 in form and substance acceptable to Proponents and the TLC, or, if they do not
17 agree, approved by the Bankruptcy Court). On the Effective Date, the Plan
18 Trustee shall record and file any documents and instruments designated by the
19 Plan Trustee to be recorded and filed with the appropriate county auditor or
20 recorder and the Washington Department of Licensing.

21 15.1.1.2 Collateral. The collateral described by the Debtor's
22 DOT shall be all of the Reorganized Debtor's interest in any real and personal
23 property owned by or held in the name of the Debtor as of the Closing Date or
24 acquired thereafter, including but not limited to the real and personal property
25 listed in Schedule 15.1.1.2, all DLF Loans and proceeds thereof (subject to Article
26 9.1), all Avoidance Actions and orders related thereto, the Declaratory Relief

1 Action, the Insurance Settlements, the Parishes' Notes and all security therefor,
2 the Estate's Portion of Catholic Entity Payments by provided for in Article 15.3.1,
3 and the Release Portion of Catholic Entity Payments by provided for in Article
4 15.3.2 ("Debtor's Collateral"). Any foreclosure of Debtor's Collateral located in the
5 State of Washington shall be conducted under Washington law, and any
6 foreclosure of Debtor's Collateral located elsewhere shall be shall be conducted
7 under the law of the jurisdiction in which such Collateral is located.

8 15.1.1.3 Payment and Sale and Use of Collateral. Upon
9 receipt by Reorganized Debtor of full or partial payment of, or the proceeds of a
10 sale or other disposition of, any item of Debtor's Collateral (including but not
11 limited to the payments of the Estate's Portion of Catholic Entity Payments, the
12 Release Portion of Catholic Entity Payments, the Parishes' Notes, and amounts
13 due under the Settlement Agreements), such payments or proceeds (net of a
14 reserve for Allowed Administrative Expense Claims for Professional Fees of
15 Professional Persons whose employment was approved by the Bankruptcy Court
16 on or before September 14, 2006, and of the person designated in Article 13.2 as
17 the TCR from the sources identified below) shall be immediately paid in the form
18 received to the Plan Trustee and shall be applied as a partial payment of Debtor's
19 Note. The Reorganized Debtor shall not sell or otherwise dispose of any of
20 Debtor's Collateral without the prior written consent of the Plan Trustee, which
21 consent shall not be unreasonably withheld. Payments on, and other proceeds of
22 approved sales or other dispositions of, Debtor's Collateral (except payments on
23 and all other proceeds of the Release Portion of Catholic Entity Payments, the
24 Release Portion of Parishes' Notes and the Insurance Settlements) may be used
25 only for payment of Tort Claims and Allowed Administrative Expense Claims for
26 Professional Fees of Professional Persons whose employment was approved by

1 the Bankruptcy Court on or before September 14, 2006, and of the person
2 designated in Article 13.2 as the TCR. All other Allowed Administrative Expense
3 Claims and ordinary course expenses for the period through December 31, 2007,
4 and, to the extent payments of or proceeds of sales or other dispositions of
5 Debtor's Collateral is insufficient therefor, Allowed Administrative Expense Claims
6 for Professional Fees of Professional Persons whose employment was approved
7 by the Bankruptcy Court on or before September 14, 2006, and of the person
8 designated in Article 13.2 as the TCR, shall be paid from Debtor's other revenues
9 and shall not exceed the expenses set forth a budget which shall be in form and
10 substance acceptable to Proponents and the TLC, or, if they do not agree,
11 approved by the Bankruptcy Court; provided that the amount of Professional Fees
12 in the budget shall be adjusted to equal the amount of Professional Fees payable
13 under Article 3.1.5. Except as provided in Article 3.1.5, none of the payments
14 used to pay budgeted expenses shall decrease the amount due under the
15 Debtor's Note or the scope of the Debtor's Collateral. Payments on and all other
16 proceeds of the Release Portion of Catholic Entity Payments, the Release Portion
17 of Parishes' Notes and the Insurance Settlements shall be used exclusively for
18 payment of Tort Claims and Plan Trust Costs and Expenses. The Debtor's Loan
19 Documents and all rights and interests of the Plan Trustee thereunder and in
20 Debtor's Collateral are referred to collectively as the "Trust Property". The Trust
21 Property shall be vested in the Plan Trust free and clear of all Claims, liens,
22 encumbrances, charges and other interests of Debtor, the Reorganized Debtor,
23 the Parishes or any other Person. The Plan Trust shall thereafter hold, use,
24 manage, liquidate, dispose or otherwise deal with the Trust Property pursuant to
25 the terms of the Plan Trust. The Plan Trustee is hereby designated as the estate
26

1 representative pursuant to and in accordance with Bankruptcy Code
2 §1123(b)(3)(B) with respect to all Trust Property.

3 15.1.1.4 Cross-Default. A default under the Plan shall
4 constitute a default on the Debtor's Note.

5 15.1.1.5 Execution and Delivery of Notes and Loan
6 Documents Mandatory. On and after the Closing Date the Plan Trustee may
7 enforce the obligations of the Debtor to execute and deliver the Debtor's Notes
8 and the Debtor's Loan Documents as a judgment of the Bankruptcy Court, and
9 shall have recourse to all available methods of enforcing such a judgment,
10 including but not limited to specific performance.

11 15.1.2 Allocation of Trust Property. The Plan Trustee shall
12 allocate all payments on the Trust Property, and all other proceeds of the Trust
13 Property, attributable to the Release Portion of Catholic Entity Payments, the
14 Release Portion of Parishes' Notes and the Insurance Settlements to a separate
15 fund (the "Release Fund"); and shall allocate all other payments on the Trust
16 Property, and all other proceeds of the Trust Property, including but not limited to
17 payments and proceeds attributable to the Estate's Portion of Catholic Entity
18 Payments and the Estate's Portion of Parishes' Notes, to a separate fund (the
19 "Estate Fund"). All reductions in the amount of the Debtor's Note pursuant to
20 Article 3.1.5 shall reduce both the amount of the Estate Fund and the amount of
21 the Debtor's Note allocated to the Estate Fund.

22 15.2 Revesting of Debtor's Property. On the Effective Date, all real and
23 personal property of the Debtor shall revert in the Reorganized Debtor, subject to
24 the Debtor's Loan Documents.

25 15.3 Sale of Debtor's Interest in Property to and Release Payment by the
26 Participating Catholic Entities.

1 15.3.1 Sale. All of Debtor's interest in any real or personal
2 property used by a Participating Catholic Entity, whether held in the name of the
3 Debtor, a Participating Catholic Entity or a third party, all of the Debtor's interest in
4 the Guse Trust (which Debtor believes cannot be used to pay Claims), and all of
5 Debtor's interest in the 541 Litigation with respect to such real and personal
6 property, (collectively the "Catholic Entity Property"), shall be sold on or before the
7 Effective Date to and purchased by the Participating Catholic Entity which uses
8 such property, and in the case of the Guse Trust, to Catholic Charities of Spokane,
9 free and clear of all Claims, liens, encumbrances, charges and other interests of
10 Debtor or any other party pursuant to a Quit Claim Deed and Bill of Sale in form
11 and substance acceptable to Proponents, the TLC, and, as appropriate, Morning
12 Star Boys' Ranch and Immaculate Heart Retreat Center, or, if they do not agree,
13 approved by the Bankruptcy Court, in consideration of the following payments and
14 transfers ("Estate's Portion of Catholic Entity Payments") to the Reorganized
15 Debtor on or before the Effective Date:

Entity	Cash Payments on or before the Effective Date
Catholic Cemeteries of Spokane	\$3,400,000
Catholic Charities of Spokane	\$2,000,000 (less a credit for net proceeds of the sale of St. Anne's not to exceed \$550,000)
Morning Star Boys' Ranch	\$382,500
	Transfer by Quit Claim Deed to Debtor on or before the Effective Date
Immaculate Heart Retreat Center	85% Interest in 20 acre parcel of real property, as described in Schedules 15.3.1 (Estimated value is approximately \$425,000)

1 The Debtor's interest in the 541 Litigation with respect to the Catholic Entity
2 Property shall merge with each Participating Catholic Entity's title to such real and
3 personal property upon delivery of the Quit Claim Deed and Bill of Sale.

4 15.3.2 Release Payment. In consideration of the Permanent
5 Injunction provided for in Article 20.3, each Participating Catholic Entity except
6 Catholic Charities of Spokane shall make the following payments and transfers
7 ("Release Portion of Catholic Entity Payments") to the Reorganized Debtor on or
8 before the Effective Date:

Entity	Cash Payments on or before the Effective Date
Catholic Cemeteries of Spokane	\$600,000
Morning Star Boys' Ranch	\$67,500
	Transfer by Quit Claim Deed to Debtor on or before the Effective Date
Immaculate Heart Retreat Center	15% Interest in 20 acre parcel of real property (Estimated value is approximately \$75,000)

17 15.3.3 Title Insurance; Deeds. Morning Star Boys' Ranch and
18 Immaculate Heart Retreat Center shall take all steps necessary to assure that the
19 Quit Claim Deeds to the Heckett Ranch and the 20 acre parcel are sufficient to
20 enable the Debtor to obtain a Lender's Policy of Title Insurance pursuant to Article
21 15.1.1.1 insuring that the Debtor's Deed of Trust will grant the Plan Trustee a first
22 priority lien free and clear of all liens and encumbrances. Such Quit Claim Deeds
23 shall be in form and substance acceptable to Proponents, the TLC, and, as
24 appropriate, Morning Star Boys' Ranch and Immaculate Heart Retreat Center, or,
25 if they do not agree, approved by the Bankruptcy Court

1 15.3.4 Deposit of Cash and Documents; Payments and Transfers
2 Mandatory. On or before the date set by the Bankruptcy Court for the first hearing
3 on the Proponents' motion for confirmation of this Plan, each Participating Catholic
4 Entity shall deposit in a segregated interest bearing trust account of Debtor Cash
5 in the amount of the payment from such Catholic Entity provided for in Articles
6 15.3.1 and .2 to be applied to such payment on the Effective Date, and shall
7 deliver in trust to Debtor Quit Claim Deeds free of liens and encumbrances to the
8 real property described in Schedules 15.3.1(a) and (b) to be recorded on the
9 Effective Date. The Debtor, and on and after the Confirmation Date, the Plan
10 Trustee shall enforce the obligations of the Participating Catholic Entities to make
11 the deposits provided for in this Article 15.3.4 and the payments and transfers
12 provided for in Articles 15.3.1 and .2 in the Bankruptcy Court as a judgment of the
13 Bankruptcy Court, and shall have recourse to all available methods of enforcing
14 such a judgment, including but not limited to specific performance.

15 15.4 Sale of Debtor's Interest in Property to and Release Payment by
16 Parishes.

17 15.4.1 Sale. Each parcel of real property occupied or otherwise
18 used by a Parish, all personal property used by a Parish on or in conjunction with
19 such real property, all other real and personal property owned by or held by a
20 Parish as of the Closing Date, which is listed in Schedule 15.4.1, and all of the
21 Debtor's, the TCC's and the TLC's interest in the 541 Litigation with respect to
22 such real and/or personal property, shall be and is referred to collectively as the
23 "Parish Property". On or before the Closing Date, each of the Parishes may form
24 a legal entity, cognizable as such by civil law and, subject to the limitations
25 provided in Article 25.7, consistent with Canon Law, for the purpose of holding title
26 to and/or beneficial interests in the Parish's assets ("Parish Entity"). On or before

1 the Closing Date, all of Debtor's interest in the Parish Property, whether held in the
2 name of the Debtor, a Parish or a third party, shall be sold, transferred and
3 conveyed to (a) the Parish Entity formed by the Parish which occupies or
4 otherwise uses such Parish Property as designated by the respective Parishes
5 with the approval and consent of the Catholic Bishop of Spokane, or (b) if the
6 Parish Entity is not yet formed, to the Parish, free and clear of all Claims, liens,
7 encumbrances, charges and other interests of Debtor or any Tort Claimant
8 claiming an interest therein pursuant to a Quit Claim Deed and Bill of Sale in form
9 and substance acceptable to Proponents, the TLC and the Parishes, or, if they do
10 not agree, approved by the Bankruptcy Court, for \$14 million payable pursuant to
11 the Parishes' Notes (the "Estate's Portion of Parishes' Notes"). The Debtor's, and
12 the TCC's and the TLC's interest as Plaintiff in the 541 Litigation with respect to or
13 based upon a claimed interest or ownership of the Parish Property shall merge
14 with each Parish Entity's title to such Parish Property upon delivery of the Quit
15 Claim Deed and Bill of Sale, and such merged title to such Parish Property shall
16 be exclusively for the beneficial ownership and use of such Parish and Parish
17 Entity.

18 15.4.2 Release. On or before the Closing Date, the Participating
19 Parishes and their Parish Entities, the Note 2 Parishes and the Note 3 Parish shall
20 pay \$2 million to the Reorganized Debtor pursuant to the Parishes' Notes (the
21 "Release Portion of Parishes' Notes"), in consideration of entry of the Permanent
22 Injunction . The Parishes and Parish Entities shall receive all benefits of the
23 Permanent Injunction as described in Article 20.3 as of the Closing Date.

24 15.4.3 Parishes' Notes and Loan Documents.

25 15.4.3.1 Parishes' Notes.

1 15.4.3.1.1 Parishes' Note 1. On or before the
2 Closing Date, the Participating Parishes and their Parish Entities shall jointly and
3 severally execute and deliver to the Plan Trustee a recourse Note payable to the
4 Reorganized Debtor for \$10 million bearing no interest before October 1, 2007 and
5 bearing interest at the rate of 6% per annum from and after October 1, 2007,
6 payable from time to time upon the receipt by any Participating Parish or its Parish
7 Entity of payments on or the proceeds of any sale or other disposition of any item
8 of Parish Collateral, and with the balance payable in full on December 31, 2007
9 ("Parishes' Note 1"), which shall be endorsed to the order of the Plan Trustee by
10 the Reorganized Debtor with full recourse. Under no circumstances does
11 Parishes' Note 1 create any legal liability or obligation for individual parishioners of
12 any Parish whatsoever.

13 15.4.3.1.2 Parishes' Note 2. On or before the
14 Closing Date, the Parishes listed in Schedule 15.4.3.1.2 and their Parish Entities
15 (collectively the "Note 2 Parishes") jointly and severally shall execute and deliver
16 to the Plan Trustee a Note which shall be recourse to such Parishes and their
17 Parish Entities (except Immaculate Heart Retreat Center), and non-recourse to
18 Immaculate Heart Retreat Center, payable to the Reorganized Debtor for \$5
19 million with no interest before October 1, 2007, payable from time to time upon the
20 receipt by the Note 2 Parishes of payments on or the proceeds of any sale or other
21 disposition of any item of Parish Collateral, and with the balance payable in full on
22 October 1, 2007 ("Parishes' Note 2), which shall be endorsed to the order of the
23 Plan Trustee by the Reorganized Debtor with full recourse. Under no
24 circumstances does Parishes' Note 2 create any legal liability or obligation for
25 individual parishioners of the Note 2 Parishes whatsoever.

1 15.4.3.1.3 Parish Note 3. On or before the Closing
2 Date, the Our Lady of Lourdes Parish and its Parish Entity (collectively the "Note 3
3 Parish") jointly and severally shall execute and deliver to the Plan Trustee a non-
4 recourse Note payable to the Reorganized Debtor for \$1 million with no interest
5 before October 1, 2009, payable from time to time upon the receipt by the Note 3
6 Parish of payments on or the proceeds of any sale or other disposition of any item
7 of Parish Collateral, and with the balance payable in full on October 1, 2009
8 ("Parish Note 3"), which shall be endorsed to the order of the Plan Trustee by the
9 Reorganized Debtor without recourse. Under no circumstances does Parish Note
10 3 create any legal liability or obligation for individual parishioners of the Note 3
11 Parish whatsoever. Parishes' Notes 1, 2 and 3 are referred to collectively as the
12 "Parishes' Notes".

13 15.4.3.1.4 Cross-Default. A default on the Parishes'
14 Note 1 shall constitute a default on Parishes' Notes 2 and 3. A default on
15 Parishes' Note 2 or 3 shall not constitute a default on Parish Note 1.

16 15.4.3.2 Collateral for Parishes' Notes. To secure payment
17 of the (i) Parishes' Note 1, each Participating Parish and its Parish Entity, (ii) of
18 Parishes' Note 2, each Note 2 Parish, and (iii) of Parish Note 3, the Note 3 Parish,
19 shall execute, acknowledge as necessary, and deliver to the Plan Trustee on or
20 before the Closing Date, (i) first priority Deeds of Trust and Security Agreements
21 ("Parish's DOT") on the portion of each such Parish's and Parish Entity's Parish
22 Property which is real property, fixtures and intangible personal property such as
23 permits, plans, service contracts and warranties related to such real property and
24 fixtures then owned and thereafter acquired ("Parish Collateral"); (ii) financing
25 statements covering the Parish Collateral, and Lender's Policies of Title Insurance
26 which shall insure the Plan Trustee and UCC searches satisfactory to the Plan

1 Trustee; and (iii) such other documents and instruments as the Plan Trustee shall
2 require to evidence and secure payment of the Parishes' Notes (the documents
3 and instruments referred to in clauses (i)-(iii) are referred to collectively as the
4 "Parishes' Loan Documents", all of which shall be in form and substance
5 acceptable to Proponents, IHRC and the TLC, or, if they do not agree, approved
6 by the Bankruptcy Court). On or before the Closing Date, the Plan Trustee shall
7 record and file any documents and instruments designated by the Plan Trustee to
8 be recorded and filed with the appropriate county auditor or recorder and the
9 Washington Department of Licensing. Upon receipt by a Parish or its Parish Entity
10 of full or partial payment of, or proceeds of a sale or other disposition of, any
11 Parish Collateral, such payments or proceeds shall be immediately paid in the
12 form received to the Plan Trustee. All payments on the Parishes' Notes shall be
13 allocated 14/16th to the Estate's Portion of Parishes' Note and 2/16th to the
14 Release Portion of Parishes' Note, and shall be applied as a partial payment of
15 Parishes' Notes. The Parishes and their Parish Entities, the Note 2 Parishes and
16 the Note 3 Parish shall not sell or otherwise dispose of any of the Parish Collateral
17 with a fair market value of \$100,000 or more without the prior written consent of
18 the Plan Trustee, which consent shall not be unreasonably withheld. Any
19 foreclosure of Parish Collateral located in the State of Washington shall be
20 conducted under Washington law, and any foreclosure of Parish Collateral located
21 elsewhere shall be shall be conducted under the law of the jurisdiction in which
22 such Collateral is located. The Plan Trustee shall complete any foreclosure of the
23 Deeds of Trust of the Note 2 Parishes other than Immaculate Heart Retreat Center
24 before it completes any foreclose of the Deed of Trust of Immaculate Heart
25 Retreat Center; provided that the Plan Trustee may proceed with all steps in any
26 foreclosure of the Deed of Trust of Immaculate Heart Retreat Center short of

1 completing the foreclosure sale before it completes the foreclosure of the other
2 Deeds of Trust, and may proceed with the foreclosure sale if for any reason the
3 Plan Trustee is stayed or otherwise legally precluded from commencing or
4 completing the foreclosure of one or more of the other Deeds of Trust or
5 determines that the cost of such foreclosure exceeds the likely net proceeds of
6 such foreclosure. With regard to Parishes' Note 1, the order of the foreclosure
7 sales of the Parish Collateral of the Participating Parishes shall be in the best
8 business judgment of the Plan Trustee; provided however that the Reorganized
9 Debtor may designate the order of the first 6 foreclosure sales of the Parish
10 Collateral of the Participating Parishes (except Note 2 Parishes) located in
11 Spokane County whose real property was appraised in the April 2006 GVA Kidder
12 Mathews appraisal reports for \$1.5 million or more; provided further that the Plan
13 Trustee shall not be required to proceed with foreclosure sales in the designated
14 order if for any reason the Plan Trustee is stayed or otherwise legally precluded
15 from commencing or completing the foreclosure of one or more of the Deeds of
16 Trust of such designated Spokane County Participating Parishes or determines
17 that the cost of such foreclosure exceeds the likely net proceeds of such
18 foreclosure; and provided further that nothing herein shall prevent the Plan Trustee
19 from proceeding with all steps in any foreclosure of the Deeds of Trust of each
20 such Spokane County Participating Parishes short of completing the foreclosure
21 sale without regard to the designated order.

22 15.4.3.3 Execution and Delivery of Notes and Loan

23 Documents Mandatory. On and after the Closing Date the Plan Trustee may
24 enforce the obligations of the Parishes to execute and deliver the Parishes' Notes
25 and the Parishes' Loan Documents as a judgment of the Bankruptcy Court, and
26

1 shall have recourse to all available methods of enforcing such a judgment,
2 including but not limited to specific performance.

3 15.5 Disposition of Surplus from Debtor's Note; Subrogation of Parishes.

4 After payment in full by the Plan Trust of all Allowed Convenience Tort Claims, all
5 Allowed Compromise Tort Claims, all Allowed Settled Compromise Tort Claims, all
6 Allowed Settled Matrix Tort Claims, all Allowed Matrix Tort Claims, all Allowed
7 Litigation Tort Claims, all Allowed Non-Releasing Litigation Tort Claims, all Plan
8 Trust Costs and Expenses with respect to such Claims, all Allowed Professional
9 Fees, and funding of the FC Fund, any balance due on the Debtor's Note when
10 paid and any sums then held in any Fund except the FC Fund shall be distributed
11 pro rata to holders of all Allowed Convenience Tort Claims, all Allowed
12 Compromise Tort Claims, all Allowed Settled Compromise Tort Claims, all Allowed
13 Settled Matrix Tort Claims, all Allowed Matrix Tort Claims, all Allowed Litigation
14 Tort Claims, and all Allowed Non-Releasing Litigation Tort Claims. To the extent
15 of any payments by the Note 2 and 3 Parishes on the Parishes' Notes 2 and 3,
16 respectively, the Note 2 and 3 Parishes, respectively, shall be subrogated to the
17 Debtor's Note and the Debtor's Loan Documents to collect the full amount of such
18 payments from the Reorganized Debtor.

19 15.6 Contribution among Catholic Entities. Except as provided in Article
20 15.5, any claims for contribution among Parishes, their Parish Entities, the Note 2
21 Parishes, the Note 3 Parish and Participating Catholic Entities with respect to
22 payments made by them under this Plan shall be determined among such
23 Parishes, their Parish Entities, the Note 2 Parishes, the Note 3 Parish and
24 Participating Catholic Entities and the Debtor and/or Reorganized Debtor in their
25 sole discretion.

1 15.7 Entry of Judgment in the Section 541 Litigation and Disallowance of
2 Related Claims. On the Effective Date, the Plan Trustee shall be substituted as
3 the sole party plaintiff in the Section 541 Litigation. On the latter of (i) the Effective
4 Date, or (ii) certification by the Plan Trustee or a determination by the Bankruptcy
5 Court that the transactions provided for in Articles 15.1, 15.3 and 15.4 have
6 closed, a judgment shall be entered dismissing with prejudice the Section 541
7 Litigation, and all appeals relating to the Section 541 Litigation. The judgment and
8 order shall be in a form acceptable to the Proponents, the Participating Catholic
9 Entities, the Participating Parishes, Immaculate Heart Retreat Center and the TLC,
10 and approved by the Bankruptcy Court. After the Effective Date, no Person may
11 institute or prosecute an Avoidance Action with respect to Parish Property or any
12 other property in which the Debtor holds, ever held or is alleged to hold or ever
13 have held, and any such Avoidance Action then pending shall be dismissed with
14 prejudice.

15 15.8 Insurance Settlements. To the extent not previously approved by the
16 Bankruptcy Court, the insurance settlements listed in Schedule 15.8, and the
17 agreements providing for such settlements ("Insurance Settlements"), shall be
18 approved upon entry of and as a part of the Confirmation Order. All of the insurers
19 listed in Schedule 15.8 ("Insurers") have entered into such settlements in
20 consideration of dismissal of the Declaratory Relief Action and entry of the
21 Permanent Injunction and the Settling Insurer Injunction. On or before the
22 Effective Date the Debtor in accordance with the terms of the Insurance
23 Settlements and orders approving such Insurance Settlements, the Parishes and
24 the Catholic Entities (except Morning Star Boys' Ranch) shall release their claims
25 to coverage under the insurance policies covered by the Insurance Settlements in
26 consideration of entry of the Permanent Injunction and receipt of Releases of

1 Claims from each holder of a Tort Claim who elects to receive funds paid for such
2 Releases of Claim.

3 15.9 Future Claims Commitment.

4 15.9.1 Future Tort Claims-Initial. On or before the Closing Date,
5 the Reorganized Debtor, the Parishes listed in Schedule 15.9(a) and their Parish
6 Entities ("FTC Parish Group 1"), and the Parishes listed in Schedule 15.9(b) and
7 their Parish Entities ("FTC Parish Group 2") jointly and severally shall execute and
8 deliver to the Plan Trustee a payment agreement ("Payment Agreement") pursuant
9 to which the Reorganized Debtor, FTC Parish Group 1 and FTC Parish Group 2,
10 shall be jointly and severally liable for payment to the Plan Trustee of an amount
11 equal to all Allowed Future Tort Claims-Initial and all Plan Trust Costs and
12 Expenses with respect to Future Tort Claims-Initial not paid by the Plan Trust from
13 the initial \$1 million allocation to the FC Fund, minus a \$200,000 contingency
14 reserve to be held by the Plan Trust until all Future Tort Claims-Initial have been
15 determined by a Final Order and all Allowed Future Tort Claims-Initial and all Plan
16 Trust Costs and Expenses with respect to Future Tort Claims-Initial have been
17 paid in full. Payments shall be due under the Payment Agreement on the last day
18 of the first full calendar month after the date on which the Plan Trustee certifies to
19 the Reorganized Debtor the amount of the required payment for any unpaid
20 Allowed Future Tort Claim-Initial or Plan Trust Costs and Expenses with respect to
21 Future Tort Claims. The Payment Agreement shall be secured by (i) Deeds of
22 Trust and Security Agreements ("FC DOTs") on the Debtor's Collateral, on the
23 portion of the Parish Property of each member of FTC Parish Group 1 which is
24 real property, fixtures and intangible personal property such as permits, plans,
25 service contracts and warranties related to such real property and fixtures owned
26 by such member on the Closing Date and thereafter acquired ("Parish Group 1

Collateral”), and on the portion of the Parish Property of each member of FTC Parish Group 2 which is real property, fixtures and intangible personal property such as permits, plans, service contracts and warranties related to such real property and fixtures owned by such member on the Closing Date and thereafter acquired (“Parish Group 2 Collateral”) prior to all other liens and encumbrances except those provided for in the Debtor’s Loan Documents and the Parishes’ Loan Documents; (ii) financing statements covering the Collateral, Lender’s Policies of Title Insurance which shall insure the Plan Trustee and UCC searches satisfactory to the Plan Trustee; and (iii) such other documents and instruments as the Plan Trustee shall require to evidence and secure payment of the Payment Agreement (the Payment Agreement and the documents and instruments referred to in clauses (i)-(iii) are referred to collectively as collectively the “FC Loan Documents”, all of which shall be in form and substance acceptable to Proponents and the TLC, or, if they do not agree, approved by the Bankruptcy Court). On the Effective Date, the Plan Trustee shall record and file any documents and instruments designated by the Plan Trustee to be recorded and filed with the appropriate county auditor or recorder and the Washington Department of Licensing. If the Plan Trustee consents to the sale or other disposition of any item of Debtor’s Collateral pursuant to Article 15.1.1.3, the Plan Trustee shall release the security interest under the FC DOT in such item. The security interest provided for by the FC DOTs and the other Payment Agreement Loan Documents shall be subordinate to the security interests provided for in the Debtor’s DOT, the other Debtor’s Loan Documents, the Parish’s DOTs and the other Parishes’ Loan Documents. The FC DOTs on the FTC Parish Group 2 Collateral shall be subordinated to any security interests granted by the FTC Parish Group 2 to secure a loan or loans not to exceed the then outstanding balance of the Parishes’

1 Notes the proceeds of which are used exclusively to pay the Parishes' Notes in
2 full. The FC DOTs on the FTC Parish Group 1 Collateral and the Debtor's
3 Collateral shall not be subordinated to any such security interests. The
4 Reorganized Debtor, the FTC Parish Groups 1 and 2 and their Parish Entities shall
5 not sell or otherwise dispose of any item of the Debtor's Collateral or the Parish
6 Collateral with a value of \$500,000 or more without the prior written consent of the
7 Plan Trustee, which consent shall not be unreasonably withheld, except Cash on
8 hand and Cash proceeds of approved sales or other dispositions of Debtor's
9 Collateral or Parish Collateral may be used for payment of expenses incurred in
10 the ordinary course of business after the Effective Date. If a release or
11 subordination of the FC DOT on the Parish Group 2 Collateral of a Parish in Parish
12 Group 2 is necessary for such Parish to build a new church or school or to make
13 necessary improvements or repairs to an existing church or school and does not
14 materially impair the security for the Payment Agreement, such Parish may
15 request that the Plan Trustee consent to such release or subordination, which
16 consent shall not be unreasonably withheld. The Payment Agreement also shall
17 require the Reorganized Debtor to continue to insure for Tort Claims caused by
18 acts committed on or after February 1, 1989 with Catholic Mutual, its successor, or
19 another insurer, under insurance policies equivalent to its current insurance
20 policies with Catholic Mutual, until all Future Tort Claims-Initial and all Future Tort
21 Claims-Extended have been determined by a Final Order and all Allowed Future
22 Tort Claims-Initial and all Future Tort Claims-Extended and all Plan Trust Costs
23 and Expenses with respect to Future Tort Claims-Initial and Future Tort
24 Claims-Extended have been paid in full. The provisions of this Article 15.9 are
25 referred to collectively as the "Future Claims Commitment". The Permanent
26 Injunction shall be entered in consideration of the Future Claims Commitment.

1 Under no circumstances does the Payment Agreement create any legal liability or
2 obligation for individual parishioners of any Parish whatsoever. Any foreclosure of
3 Debtor's Collateral, Parish Group 1 Collateral or Parish Group 2 Collateral located
4 in the State of Washington shall be conducted under Washington law, and any
5 foreclosure of Debtor's Collateral, Parish Group 1 Collateral or Parish Group 2
6 Collateral located elsewhere shall be shall be conducted under the law of the
7 jurisdiction in which such Collateral is located. With regard to Parish Group 2, the
8 order of the foreclosure sales of the FTC Parish Group 2 Collateral of the Parishes
9 in Parish Group 2 shall be in the best business judgment of the Plan Trustee;
10 provided however that the Reorganized Debtor may designate the order of the first
11 6 foreclosure sales of the FTC Parish Group 2 Collateral of the Parishes in Parish
12 Group 2 whose real property was appraised in the April 2006 GVA Kidder
13 Mathews appraisal reports for \$1.5 million or more; provided further that the Plan
14 Trustee shall not be required to proceed with foreclosure sales in the designated
15 order if for any reason the Plan Trustee is stayed or otherwise legally precluded
16 from commencing or completing the foreclosure of one or more of the Deeds of
17 Trust of such Parishes in Parish Group 2 or determines that the cost of such
18 foreclosure exceeds the likely net proceeds of such foreclosure; and provided
19 further that nothing herein shall prevent the Plan Trustee from proceeding with all
20 steps in any foreclosure of the Deeds of Trust of each such Parishes in Parish
21 Group 2 short of completing the foreclosure sale without regard to the designated
22 order.

23 15.9.2 Future Tort Claims-Extended.

24 15.9.2.1 Reorganized Debtor's Obligations. On the first day
25 after the 9th Anniversary of the Effective Date on which all Future Tort
26 Claims-Initial have been determined by a Final Order and all Allowed Future Tort

1 Claims-Initial and all Plan Trust Costs and Expenses with respect to Future Tort
2 Claims-Initial have been paid in full, the Reorganized Debtor's obligations under
3 the Payment Agreement shall be limited to its obligation to continue insurance for
4 Future Tort Claims-Extended pursuant to Article 11.7.3, which obligation shall
5 continue to be secured by the Debtor's FC DOT. The Plan Trustee may enforce
6 this obligation for the benefit of then existing or potential future holders of Allowed
7 Future Tort Claim-Extended. A holder of an Allowed Future Tort Claim-Extended
8 not covered by such insurance because of the Reorganized Debtor's failure to
9 continue such insurance also may enforce this obligation and the Debtor's FC
10 DOT as a third-party beneficiary. The principal amount of this obligation as to
11 each holder of an Allowed Future Tort Claim-Extended shall be the amount of
12 insurance coverage which would have been available for such Claim if such
13 insurance had been continued.

14 15.9.2.2 Parish Group 1 Obligations. If, on the 9th
15 Anniversary of the Effective Date, the Reorganized Debtor has the insurance
16 required by Article 11.7.3.2 in full force and effect, the Parishes in Parish Group 1
17 shall have no obligation to holders of Future Tort Claims-Extended. If, on the 9th
18 Anniversary of the Effective Date, the Reorganized Debtor does not have the
19 insurance required by Article 11.7.3.2 in full force and effect, the Parishes in
20 Parish Group 1, jointly and severally with the Reorganized Debtor, will be
21 obligated under the Payment Agreement to continue insurance for Future Tort
22 Claims-Extended pursuant to Article 11.7.3.2, which obligation shall continue to be
23 secured by the FC DOTs of the Parishes in Parish Group 1. The Plan Trustee
24 may enforce this obligation for the benefit of then existing or potential future
25 holders of Allowed Future Tort Claim-Extended. A holder of an Allowed Future
26 Tort Claim-Extended not covered by such insurance because of the Reorganized

1 Debtor's failure to continue such insurance also may enforce this obligation and
2 the FC DOT of the Parishes in Parish Group 1 as a third-party beneficiary. The
3 principal amount of this obligation as to each holder of an Allowed Future Tort
4 Claim-Extended shall be the amount of insurance coverage which would have
5 been available for such Claim if such insurance had been continued. If and when
6 the Reorganized Debtor obtains insurance required by Article 11.7.3.2, the
7 obligations under this Article 15.9.2.2 of the Parishes in Parish Group 1 shall
8 terminate as to Future Tort Claims-Extended filed thereafter.

9 15.9.2.3 No Obligations of Parish Group 2. Parish Group 2
10 shall have no obligation for Future Tort Claims-Extended or for insurance for such
11 Claims.

12 15.9.2.4 Disposition of FC Fund.

13 15.9.2.4.1 No Default on 9th Anniversary. If there is
14 no uncured default under the Payment Agreement on the first day after the 9th
15 Anniversary of the Effective Date on which all Future Tort Claims-Initial have been
16 determined by a Final Order and all Allowed Future Tort Claims-Initial and all Plan
17 Trust Costs and Expenses with respect to Future Tort Claims-Initial have been
18 paid in full, any balance of the FC Fund in excess of \$200,000 shall be allocated
19 by the Plan Trustee pro rata to the Matrix Fund and the Litigation Fund and, after
20 payment of Plan Trust Costs and Expenses, paid to holders of Allowed Matrix Tort
21 Claims and Allowed Litigation Tort Claims as provided in Article 11.5 and .6. Any
22 balance of \$200,000 or less shall be held by the Plan Trustee for the benefit
23 holders of Allowed Future Tort Claims-Extended and distributed as provided in
24 Article 15.9.2.4.3

25 15.9.2.4.2 Default on 9th Anniversary. If there is an
26 uncured default under the Payment Agreement on the first day after the 9th

1 Anniversary of the Effective Date on which all Future Tort Claims-Initial have been
2 determined by a Final Order and all Allowed Future Tort Claims-Initial and all Plan
3 Trust Costs and Expenses with respect to Future Tort Claims-Initial have been
4 paid in full, any balance of the FC Fund shall be held by the Plan Trustee for the
5 benefit holders of Allowed Future Tort Claims-Extended and distributed as
6 provided in Article 15.9.2.4.3.

7 15.9.2.4.3 Disposition of Balance. Any balance of
8 the FC Fund held by the Plan Trustee pursuant to Articles 15.9.2.4.1 and .2 shall
9 be used by the Plan Trustee to pay Plan Trust Costs and Expenses, and Allowed
10 Future Tort Claims-Extended for which insurance is not available in the order such
11 Claims are Allowed. If any balance of the FC Fund remains after the 23rd
12 Anniversary of the Effective Date and all Future Tort Claims-Extended have been
13 determined by a Final Order and all Allowed Future Tort Claims-Extended and all
14 Plan Trust Costs and Expenses with respect to Future Tort Claims-Extended are
15 paid in full, the Plan Trustee shall donate such balance to a recognized charity
16 substantially engaged in providing services to persons who have been sexually
17 abused as minors.

18 15.10 Retention of Rights. Except as otherwise provided in the Plan, the
19 Debtor and/or the Reorganized Debtor shall retain all of their rights and defenses
20 with respect to any Claim, except Tort Claims, including, but not limited to, all
21 rights with respect to legal and equitable defenses to or setoffs or recoupments
22 against such Claims, except Tort Claims.

23 15.11 Operative Documents. The Proponents and, after his or her
24 appointment, the Plan Trustee will prepare any documents which are necessary or
25 appropriate to execute the Plan or provided for under the Plan, and shall provide
26 the TLC with a reasonable opportunity to review such documents prior to their

1 execution. Debtor, the Reorganized Debtor, the Participating Parishes, the
2 Participating Catholic Entities, the Note 2 Parishes, the Note 3 Parish, the FTC
3 Parish Group 1 and the FTC Parish Group 2 shall execute such documents and
4 take such other action as is necessary to effectuate the transactions provided for
5 in the Plan. If there is any dispute regarding the reasonableness or propriety of
6 any such documents after reasonable and good faith efforts by the Proponents,
7 after his or her appointment, the Plan Trustee, and the TLC, to negotiate and
8 obtain approval of the documents by the other affected Person(s), any such
9 dispute shall be determined by the Bankruptcy Court.

10 15.12 Exemption from Transfer Taxes. Pursuant to §1146 of the
11 Bankruptcy Code, (a) the issuance, transfer or exchange of notes or equity
12 securities, (b) the creation or recordation of any mortgage, deed of trust, lien,
13 pledge or other security interest, (c) the making or assignment of any lease or
14 sublease, or (d) the making or delivery of any deed or other instrument of transfer
15 under, in furtherance of, or in connection with, this Plan, including, without
16 limitation, any merger agreements, agreements of consolidation, restructuring,
17 disposition, liquidation or dissolution, deeds, bills of sale, and transfers of tangible
18 property, will not be subject to any stamp tax, recording tax, personal property tax,
19 real estate transfer tax, or other similar tax. Any transfers pursuant to this Plan
20 shall not be subject to any such taxes, and the Confirmation Order shall direct the
21 appropriate state or local government officials or agents to forego the collection of
22 any such tax or governmental assessment and to accept for filing and recordation
23 any of the foregoing instruments or other documents without the payment of any
24 such tax or governmental assessment.

25 15.13 Return of Deposits. To the extent that the Debtor was required to
26 and did pay deposits to any Creditors after the Petition Date as a condition of or as

1 security for continued service after the Petition Date, including, but not limited to,
2 deposits paid to utility companies for adequate assurance of payment pursuant to
3 Bankruptcy Code §366, then, upon satisfaction of the Claims of such Creditor(s)
4 pursuant to the Plan, any such deposits, together with any interest or other income
5 earned thereon, if any, shall be refunded to the Reorganized Debtor within 15 days
6 after demand by the Reorganized Debtor for return of such deposit(s) and
7 immediately paid to the Plan Trustee on account of the Debtor's Note.

8 15.14 Unrelated Party Avoidance Actions. After the Effective Date, no
9 Person may institute or prosecute an Avoidance Action against any other Person
10 (except Paine Hamblen LLP), and any such Avoidance Action then pending shall
11 be dismissed with prejudice. The Plan Trustee shall have all of the rights and
12 remedies of the Debtor and the Reorganized Debtor as of the Effective Date with
13 respect to, and may commence and prosecute, an Avoidance Action against Paine
14 Hamblen LLP.

15 15.15 Default Interest. The Debtor's Loan Documents, the Parishes' Loan
16 Documents and the FC Loan Documents all shall provide for default interest at the
17 rate of 12% per annum.

18 **ARTICLE 16** 19 **DISTRIBUTIONS**

20 16.1 Distributions on Business Days. Any payment or distribution
21 required to be made under this Plan on a day other than a Business Day shall be
22 made on the next succeeding Business Day.

23 16.2 Disputed Claims Reserve. The Debtor or the Reorganized Debtor
24 shall reserve for each Disputed Claim from amounts otherwise distributable under
25 this Plan in an amount equal to (i) the amount of such Claim as estimated by the
26 Bankruptcy Court pursuant to an order of the Court, or (ii) if no such order has

1 been entered with respect to such Claim, the greater of (A) the amount listed in the
2 Debtor's Schedule of Assets and Liabilities and (B) the amount set forth in a proof
3 of claim or application for payment filed with the Court. Such reserved amounts,
4 collectively shall constitute the "Disputed Claims Reserve". The Reorganized
5 Debtor shall hold the Disputed Claims Reserve for the holders of Disputed Claims
6 to be distributed in accordance with the resolution of such Disputed Claims.
7 Claims filed or scheduled without an amount shall be reserved at \$1 unless
8 otherwise ordered by the Court. This Article 16.2 shall not be applicable to Tort
9 Claims provided for under Article 11.

10 16.3 Interest on Claims. Unless otherwise specifically provided for in this
11 Plan or the Confirmation Order, post-petition and post-Confirmation interest shall
12 not accrue or be paid on any Claims and no holder of a Claim shall be entitled to
13 interest accruing on or after the Petition Date on any Claim.

14 16.4 Delivery of Distributions; Unclaimed Distributions. Distributions to
15 holders of Allowed Claims shall be made at the addresses set forth in the records
16 of Debtor or Reorganized Debtor or the Plan Trust unless: (a) such addresses are
17 superseded by any proofs of claim or transfers of Claim that may be filed pursuant
18 to Bankruptcy Rule 3001 or (b) if the holder of an Allowed Claim has an attorney of
19 record, then the Distribution shall be delivered to the attorney of record and
20 payable jointly to counsel of record and the holder of the Allowed Claim. If the
21 distribution to any holder of an Allowed Claim is returned to the Reorganized
22 Debtor or the Plan Trust as undeliverable or is otherwise unclaimed, or the check
23 for the distribution is not presented for payment, no further distributions shall be
24 made to such holder unless and until the Reorganized Debtor or Plan Trust is
25 notified in writing of such holder's then current address. The Reorganized Debtor
26 or Plan Trust shall make all distributions that have become deliverable or have

1 been claimed as soon as practicable after such distribution has become
2 deliverable. Any holder of an Allowed Claim that does not assert a claim pursuant
3 to this Plan for an undeliverable or unclaimed distribution, or present the check for
4 the distribution for payment, within 180 days after the date of such distribution
5 shall be deemed to have forfeited its claim for such undeliverable or unclaimed
6 distribution and shall be forever barred and enjoined from asserting any such claim
7 for an undeliverable or unclaimed distribution against Debtor or Reorganized
8 Debtor or Plan Trust or their property, and Reorganized Debtor or Plan Trust shall
9 stop payment on any such check. Nothing contained in this Plan requires Debtor
10 or Reorganized Debtor or Plan Trust to attempt to locate any holder of an Allowed
11 Claim.

12 16.5 De Minimis Payments. Notwithstanding any other provision of this
13 Plan, De Minimis Payments need not be made by the Reorganized Debtor or Plan
14 Trust on account of any Allowed Claim; provided that De Minimis Payments that
15 would otherwise be made on the applicable Distribution Date shall carry over until
16 the next Distribution Date until the cumulative amount of distributions to which the
17 holder of such Allowed Claim is more than a De Minimis Payment, at which time
18 the cumulative amount of such distributions shall be paid to such holder. De
19 Minimis Payments that will not be distributed as of the final Distribution Date for a
20 Class shall be treated as undeliverable distributions as provided above.

21 **ARTICLE 17** 22 **TREATMENT OF EXECUTORY CONTRACTS**

23 17.1 Motion to Assume and Reject. The Plan constitutes a motion to
24 assume and reject executory contracts and unexpired leases. Upon confirmation
25 of the Plan and without any further act, the Debtor shall be deemed to have
26 rejected all executory contracts and unexpired leases not previously assumed or

1 rejected or not listed in Schedule 17.1, if any, and shall be deemed to have
2 assumed all executory contracts and unexpired leases listed in Schedule 17.1.

3 17.2 Rejection Claims. Any Claim arising from the rejection of an
4 executory contract or unexpired lease is a Class 6 Claim to the extent it is an
5 Allowed Claim. Any entity holding a Claim based upon the rejection of an
6 executory contract or unexpired lease pursuant to this Article 17 must file a Proof
7 of Claim with the Bankruptcy Court within 30 days after the Effective Date. The
8 failure of any such entity to file a Proof of Claim within the specified time period will
9 result in the disallowance of such Claim.

10 **ARTICLE 18** 11 **SATISFACTION AND CANCELLATION OF INDEBTEDNESS**

12 The provision made to the holders of Allowed Claims provided for in the
13 Plan shall be in full and complete satisfaction of their Allowed Claims. Except for
14 purposes of evidencing a right to distribution under the Plan, on the Effective Date,
15 all notes, guarantees, or other instruments or documents evidencing or creating
16 any indebtedness or obligations of, or interests in, Debtor, except (a) all assumed
17 executory contracts, and/or (b) all other notes or other instruments evidencing
18 indebtedness or obligations of Debtor that are unimpaired, restated, or amended
19 and restated under this Plan, shall be cancelled and terminated and of no further
20 force or effect.

21 **ARTICLE 19** 22 **CONDITIONS TO EFFECTIVE DATE**

23 19.1 Proponents' Conditions to Occurrence of Effective Date. Each of the
24 following are conditions to the occurrence of the Effective Date, which conditions
25 must be satisfied or waived by each of the Proponents:

26 19.1.1 The Confirmation Order has been entered by the
Bankruptcy Court and has not been stayed.

1 19.1.2 The Confirmation Order is in form and substance
2 satisfactory to the Proponents and the TLC.

3 19.1.3 All actions, documents, and agreements necessary to
4 implement the Plan will have been effected or executed.

5 19.1.4 All Insurance Settlements have been approved by the
6 Bankruptcy Court.

7 19.2 Insurer's Conditions to Occurrence of Effective Date. All Insurance
8 Settlements must be approved by the Bankruptcy Court before the Effective Date
9 unless this condition is waived by each of the Insurers.

10 19.3 Deadline for Satisfaction of Conditions; Effect of Failure to Satisfy
11 Conditions. All conditions to the Effective Date must be satisfied or waived no
12 later than May 31, 2007. If the Effective Date has not occurred by May 31, 2007,
13 the Confirmation Order shall be vacated automatically unless all of the Proponents
14 and the TLC agree in writing to extend the deadline.

15 **ARTICLE 20**
16 **EFFECTS OF CONFIRMATION**

17 20.1 Discharge. Except as otherwise expressly provided in the Plan or in
18 the Confirmation Order, on the Effective Date the Debtor and the Reorganized
19 Debtor shall be discharged from and its liability shall be extinguished completely in
20 respect of any Claim, including Tort Claims but excluding Post Petition Abuse
21 Claims, to the extent permitted by the Bankruptcy Code. Such discharged claims
22 are referred to as "Discharged Claims". Post Petition Abuse Claims shall not be
23 discharged. Notwithstanding the foregoing, nothing in this Article 20.1 shall
24 discharge any obligations of the Debtor under the Insurance Settlements.

25 20.2 **Exculpation and Limitation of Liability.** ***Neither the Debtor, the***
26 ***Reorganized Debtor, AOP, the Committees, the Future Claims***

1 ***Representative, the Plan Trustee, the TCR, nor any of their respective***
2 ***present or former members, managers, officers, directors, employees,***
3 ***advisors, attorneys, or agents acting in such capacity will have or incur any***
4 ***liability to, or be subject to any right of action by, any holder of a Claim***
5 ***(including a Future Tort Claim) or any other party-in-interest or any of their***
6 ***respective agents, employees, representatives, financial advisors, attorneys,***
7 ***affiliates, or any of their successors or assigns, for any act or omission in***
8 ***connection with, relating to, or arising out of the Reorganization Case, the***
9 ***pursuit of confirmation of the Plan, or the administration of the Plan or Plan***
10 ***Trust, or the property to be distributed under the Plan or Plan Trust, except***
11 ***for their willful misconduct; and in all respects such parties shall be entitled***
12 ***to reasonably rely upon the advice of counsel with respect to their duties***
13 ***and responsibilities under the Plan or the Plan Trust or in the context of the***
14 ***Reorganization Case.***

15 20.3 **Permanent Injunction Against Prosecution of Released Claims.**

16 ***“Released Parties” means the Parishes, the Parish Entities, the Catholic***
17 ***Entities (except Morning Star Boys’ Ranch) and the Insurers, and their***
18 ***respective agents, predecessors, successors, officials, subsidiaries,***
19 ***divisions, affiliates, representatives, attorneys, accountants, and all others***
20 ***acting for or on their behalf (except individuals alleged to have engaged in***
21 ***Abuse). Except as otherwise expressly provided in the Plan, for the***
22 ***consideration described in Articles 15.3, .4, .8, and .9, all Persons who have***
23 ***executed and delivered Releases of Claims shall be permanently enjoined on***
24 ***and after the Effective Date from: (a) commencing or continuing in any***
25 ***manner, any action or any other proceeding of any kind with respect to any***
26 ***Claim against the Released Parties or the property of the Released Parties***

1 *related to a Discharged Claim; (b) seeking the enforcement, attachment,*
2 *collection or recovery by any manner or means of any judgment, award,*
3 *decree, or order against the Released Parties or the property of the Released*
4 *Parties, with respect any Claim against the Released Parties related to a*
5 *Discharged Claim; (c) creating, perfecting, or enforcing any encumbrance of*
6 *any kind against the Released Parties or the property of the Released Parties*
7 *with respect any Claim against the Released Parties related to a Discharged*
8 *Claim; (d) asserting any setoff, right of subrogation, or recoupment of any*
9 *kind against any obligation due to the Released Parties with respect any*
10 *Claim against the Released Parties related to a Discharged Claim; and (e)*
11 *taking any act, in any manner and in any place whatsoever with respect any*
12 *Claim against the Released Parties related to a Discharged Claim, that does*
13 *not conform to or comply with provisions of the Plan or the Plan Trust.*
14 *Such injunction is referred to as the "Permanent Injunction".*

15 20.4 **Settling Insurer Injunction.** *All Persons (except Morningstar*
16 *Boys' Ranch or an Insurer to the extent such Insurer asserts a claim for*
17 *contribution, indemnity, subrogation, equitable subrogation, or similar*
18 *theory arising from claims against Morning Star) who have held, hold, or*
19 *may hold Claims, including but not limited to Tort Claims, against an Insurer*
20 *that are barred pursuant an order approving an Insurance Settlement,*
21 *whether known or unknown, and their respective agents, attorneys, and all*
22 *others acting for or on their behalf, shall be permanently enjoined on and*
23 *after the Effective Date from: (a) commencing or continuing in any manner,*
24 *any action or any other proceeding of any kind with respect to any such*
25 *Claim, including, but not limited to, any Tort Claim, Future Tort Claim, or*
26 *FCR Tort Claim, for indemnity, contribution, subrogation or based on any*

1 ***similar theory; against such Insurer, and its respective predecessors,***
2 ***successors, officials, shareholders subsidiaries, divisions, affiliates,***
3 ***representatives, attorneys, merged or acquired companies or operations or***
4 ***assigns (collectively, the "Insurer Parties") or the property of the Insurer***
5 ***Parties; (b) seeking the enforcement, attachment, collection or recovery by***
6 ***any manner or means of any judgment, award, decree, or order against the***
7 ***Insurer Parties or the property of the Insurer Parties, with respect to any***
8 ***such Claim; (c) creating, perfecting, or enforcing any encumbrance of any***
9 ***kind against the Insurer Parties or the property of the Insurer Parties with***
10 ***respect to any such Claim; (d) asserting any setoff, right of subrogation, or***
11 ***recoupment of any kind against any obligation due to the Insurer Parties***
12 ***with respect to any such Claim; and (e) taking any act, in any manner and in***
13 ***any place whatsoever, that does not conform to or comply with provisions of***
14 ***the Plan or the Trust Agreement. In the event any Person takes any action***
15 ***that is prohibited by, or is otherwise inconsistent with the provisions of this***
16 ***Article 20.4 or the Plan, then, upon notice to the Court by an affected Party,***
17 ***the action or proceeding in which the Claim of such Person is asserted will***
18 ***automatically be transferred to the Bankruptcy Court or the District Court for***
19 ***enforcement of the provisions of this Article 20.4 or the Plan.***

20 20.5 No Release of Other Entities or Policies. None of the provisions of
21 this Plan, the Confirmation Order, or the Insurance Settlements or orders
22 approving the Insurance Settlements with the Insurers entered in this case affect
23 the rights of a Tort Claimant to pursue a claim or recovery against (a) any person
24 or entity which is not a Released Party, and/or (b) any insurance policies other
25 than the insurance policies that are the subject of the Insurance Settlements. The
26 persons or entities referred to in this Article 20.5 as persons or entities which are

1 not a Released Party include, but are not limited to, the Archdiocese of Seattle,
2 Morning Star Boys' Ranch, Rosalia School District, The Sulpicians (Order of St.
3 Sulpice), the Society of Jesus (Jesuits), Patrick O'Donnell individually, James
4 O'Malley individually, and/or any other priest or other individual alleged to have
5 engaged in Abuse. Except as specifically provided herein, nothing in this Article
6 20.5 limits the rights and obligations of Morning Star Boys' Ranch under this Plan.

7 **ARTICLE 21** 8 **MODIFICATION OF PLAN**

9 The Plan may be modified by the Proponents from time to time in
10 accordance with, and pursuant to, Bankruptcy Code §1127. The Plan may be
11 modified by the Proponents at any time before the Confirmation Date, provided
12 that the Plan, as modified, meets the requirements of Bankruptcy Code §§1122
13 and 1123, and the Proponent has complied with Bankruptcy Code §1125, provided
14 that an acceptance of the Plan by the holder of an impaired Claim constitutes an
15 acceptance of any subsequent modifications of the Plan which are determined by
16 the Bankruptcy Court not to materially and adversely affect or impair the interests
17 of Creditors..

18 **ARTICLE 22** 19 **PROCEDURES FOR RESOLVING DISPUTED CLAIMS**

20 22.1 Objections to Claims except Tort Claims. As of the Effective Date,
21 Reorganized Debtor shall acquire all defenses, counterclaims and setoffs, whether
22 equitable or legal, of Debtor to Claims held or asserted to be held against Debtor.
23 An objection to the allowance of a Claim shall be in writing and shall be filed with
24 the Bankruptcy Court by Debtor, Reorganized Debtor or any other party in interest.
25 The party filing such objection shall have the right to assert the Reorganized
26 Debtor's defenses, counterclaims and setoffs, whether equitable or legal, and shall
prosecute each of its objections to a Claim until determined by a Final Order

1 unless such party (a) compromises and settles an Objection to a Claim or Interest
2 by written stipulation, or (b) withdraws an objection to a Claim with approval of the
3 Bankruptcy Court. Notwithstanding any other provision in the Plan, no payment or
4 Distribution shall be made on account of or with respect to any Claim to the extent
5 it is a Disputed Claim unless and until the Disputed Claim becomes an Allowed
6 Claim. Objections to Claims shall be filed and served no later than 60 days after
7 the Confirmation Order. This Article 22.1 shall have no application to Class 5
8 Deposit and Loan Claims and Other Parish and Catholic Entity Secured and
9 Unsecured Claims, Class 7 Tort Claims, or Class 8 Priest Retirement Claims.

10 22.2 Disputed Distribution. If any dispute arises as to the identity of a
11 holder of an Allowed Claim who is to receive any distribution, the Reorganized
12 Debtor or the Plan Trust may, in lieu of making such Distribution to such holder,
13 make such distribution into an escrow account until the disposition shall be
14 determined by Final Order of the Bankruptcy Court or by written agreement among
15 the interested parties to the dispute.

16 22.3 Ex Parte Approval. The Debtor or Reorganized Debtor shall be
17 authorized to settle objections to Claims, except Class 7 Tort Claims, of non-
18 insiders or applications for payment of Administrative Expenses Claims (other than
19 for fees and expenses of a Professional Person) in settlement amounts of less
20 than \$20,000 ex parte and without notice to any party.

21 **ARTICLE 23** 22 **RETENTION OF JURISDICTION**

23 23.1 Retained Jurisdiction. Notwithstanding entry of the Confirmation
24 Order, the Bankruptcy Court shall retain jurisdiction to ensure that the purposes
25 and intent of the Plan are implemented until entry of an order concluding and
26

1 terminating the Case. Without limiting the generality of the foregoing, the Court
2 shall retain jurisdiction of the following contested matters and proceedings.

3 23.1.1 Allowing any Claim arising prior to Confirmation as a cost
4 and expense of the administration of the Case.

5 23.1.2 Re-examining any Claim that has been Allowed, except Tort
6 Claims Allowed under Article 11.

7 23.1.3 Hearing and determining any objection to a Claim, except a
8 Tort Claim. The failure of Debtor or Reorganized Debtor to object to, or to
9 examine, any Claim except a Tort Claim shall not be deemed a waiver of Debtor's
10 or Reorganized Debtor's right to object to, or re-examine, any Claim except a Tort
11 Claim.

12 23.1.4 Hearing and determining any Avoidance Action brought by
13 the Debtor, the Reorganized Debtor, or the Plan Trustee.

14 23.1.5 Hearing and determining all causes of action, controversies,
15 disputes, or conflicts between Debtor or Reorganized Debtor, or the Plan Trust,
16 and any other party, including those that were pending prior to Confirmation.

17 23.1.6 Hearing and determining any motions brought by Debtor or
18 Reorganized Debtor seeking approval of a proposed sale of an asset of the
19 Estate.

20 23.1.7 Hearing and determining all questions and disputes
21 regarding title to the property of the Debtor, its Estate, Reorganized Debtor, the
22 Parishes or the Plan Trust.

23 23.1.8 Correcting any defect, curing any omission, or reconciling
24 any inconsistency in the Plan or the Confirmation Order as may be necessary to
25 carry out the purpose and intent of the Plan.

1 23.1.9 Hearing and determining any actions brought by the Debtor
2 or Reorganized Debtor to protect Debtor, the Estate, or Reorganized Debtor, or
3 the Plan Trustee to protect the Plan Trust.

4 23.1.10 Issuing any order necessary to implement the Plan or
5 Confirmation Order, including, without limitation, such declaratory and injunctive
6 orders as are appropriate to protect the Debtor, the Estate, the Reorganized
7 Debtor or the Plan Trust.

8 23.1.11 Hearing and determining any dispute relating to the terms
9 or implementation of the Plan or Confirmation Order, or the Plan Trust, or to the
10 rights or obligations of any parties in interest with respect thereto.

11 23.1.12 Authorizing the modification of the Plan after Confirmation
12 pursuant to the Bankruptcy Code.

13 23.1.13 Entering orders concluding and terminating the Case.

14 23.1.14 Determine any and all motions regarding assumption or
15 rejection of Executory Contracts and any and all Claims arising therefrom.

16 23.1.15 Enforce the provisions of Article 26.

17 23.2 Exercise of the Bankruptcy Court's continuing jurisdiction of matters
18 related to the Plan Trust Agreement after the Bankruptcy Case has been closed
19 shall not require that the Bankruptcy Case be reopened.

20 23.3 The Debtor, Bishop William S. Skylstad, and the Executive
21 Committee of the Association of Parishes, by joining as Proponents of this Plan,
22 and the Parishes and their Parish Entities, the Participating Parishes and their
23 Parish Entities, the Catholic Entities and the Participating Catholic Entities, by
24 participating in the Plan, hereby waive any constitutional or statutory defenses to
25 enforcement of this Plan based on any assertion that such enforcement burdens
26

1 or impairs their rights, or the rights of any other person, to the free exercise of their
2 religion.

3 **ARTICLE 24**
4 **REORGANIZATION OF DEBTOR**

5 24.1 Continued Corporate Existence. Reorganized Debtor shall continue
6 to exist in accordance with the law of Washington and, subject to the limitations
7 provided in Article 25.7, Canon Law, and pursuant to its Articles of Incorporation
8 and Bylaws in effect prior to the Effective Date. On and after the Effective Date,
9 Reorganized Debtor may operate its business and may use, acquire and dispose
10 of property without supervision of or approval by the Bankruptcy Court and free
11 and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules
12 except as provided in this Plan.

13 24.2 Management of Reorganized Debtor. From and after the Effective
14 Date, the Reorganized Debtor will continue to be managed in accordance with
15 applicable law.

16 **ARTICLE 25**
17 **GENERAL PROVISIONS**

18 25.1 Administrative Expense Claims Bar Date. The deadline for filing
19 Claims entitled to priority pursuant to §§507(a)(1) and (b) of the Bankruptcy Code
20 incurred prior to the Effective Date, with the exception of Administrative Expense
21 Claims for fees and costs of a Professional Person, Allowed Ordinary Course
22 Administrative Expense Claims, and Post Petition Abuse Claims, shall be 30 days
23 following Confirmation. Failure to file a Claim by this date shall conclusively bar
24 the claimant from asserting his Claim, which Claim shall be forever discharged;
25 provided that Post Petition Abuse Claims are subject only to applicable statutes of
26 limitations; and provided further that in consideration for exclusion of Post Petition
Abuse Claims from discharge under Article 20.1 and from the Claims filing

1 deadline established by this Article 25.1, no Allowed Administrative Expense
2 Claims for fees and costs of a Professional Person or Allowed Ordinary Course
3 Administrative Expense Claims shall be subject to disgorgement for the benefit of
4 holders of Post Petition Abuse Claims.

5 25.2 Bar Date for Professionals. Applications for final approval of
6 compensation for services rendered and reimbursement of expenses incurred by a
7 Professional Person through the Effective Date shall be filed on or before 60 days
8 after the Effective Date.

9 25.3 Post Confirmation Professional Fees. Except as provided by Article
10 11.9, any Professional Fees incurred by any Professional Person employed by the
11 Reorganized Debtor after the Effective Date shall be treated as part of the fees
12 and expenses of the Reorganized Debtor, shall be paid by the Reorganized
13 Debtor and need not be submitted to the Bankruptcy Court for approval. Any
14 Claims for fees, costs, and expenses incurred by the TCR, the Plan Trustee, the
15 FCR, the TCC, or the TLC, and for Professional Fees incurred by the TCR, the
16 Plan Trustee, the FCR, the TCC, the TLC, or the Debtor or the Reorganized
17 Debtor pursuant to Article 11.9, after the Effective Date ("Post Confirmation Fees")
18 shall be treated as part of the fees and expenses of the Plan Trust, shall be paid
19 by the Plan Trust, and must be submitted to the Bankruptcy Court for approval.
20 Employment of professionals by the TCR or the Plan Trustee shall be subject to
21 Bankruptcy Court approval pursuant to §§327 and 328 of the Bankruptcy Code
22 and Bankruptcy Rules 2014. If the Plan Trust Reserve is not sufficient to pay Post
23 Confirmation Fees approved by the Bankruptcy Court, the excess shall be paid
24 from the Matrix Fund, the Litigation Fund and the Non-Releasing Litigation Fund in
25 proportion to the amounts allocated to such Funds pursuant to Article 11.2.4.

1 25.4 Substantial Consummation. The Plan shall be deemed substantially
2 consummated on the Closing Date if Debtor has performed all obligations provided
3 by the Plan to be performed within that time.

4 25.5 Payments Shall Be Timely. Reorganized Debtor and the Plan Trust
5 shall timely make all payments required under this Plan. Without limiting the
6 generality of the foregoing, Reorganized Debtor shall be responsible for the timely
7 payment of quarterly fees incurred pursuant to 28 U.S.C. §1930(i)(6) following
8 Confirmation until the case is closed. After Confirmation, Reorganized Debtor
9 shall serve on the United States Trustee quarterly a financial report for each
10 quarter (or portion thereof) the case remains open. The quarterly financial report
11 shall include a statement of all disbursements made during the course of the
12 quarter, whether or not pursuant to the Plan.

13 25.6 Stay of Confirmation Order Shall Not Apply. The stay of
14 enforceability of the Confirmation Order pursuant to Bankruptcy Rule 3020(e) shall
15 not apply, and the Confirmation Order shall be enforceable according to its terms
16 immediately upon entry absent further order of the Court.

17 25.7 Governing Law. Except to the extent that the Bankruptcy Code or
18 Bankruptcy Rules or other federal laws are applicable, and subject to the
19 provisions of any contract, instrument, release, or other agreement or document
20 entered into in connection with the Plan, the construction, implementation and
21 enforcement of the Plan and all rights and obligations arising under the Plan shall
22 be governed by, and construed and enforced in accordance with, the laws of the
23 State of Washington and not Canon Law, without giving effect to its conflicts of law
24 principles; provided that the rights and obligations of the Debtor, the Reorganized
25 Debtor, the Parishes and the Catholic Entities among themselves but not with
26 respect to any third parties also shall be governed by Canon Law.

1 25.8 Extension Of Payment Dates. If any payment date falls due on any
2 day which is not a Business Day, then such due date shall be extended to the next
3 Business Day.

4 25.9 Notices. Any notice required or permitted to be provided under the
5 Plan shall be in writing and served by regular first class mail, overnight delivery, or
6 hand-delivery.

7 25.10 Closing of the Case. At such time as the Plan has been fully
8 administered and/or the Plan has been substantially consummated, the
9 Reorganized Debtor will file an application for Final Order showing that the Plan
10 has been substantially consummated. The Reorganized Debtor will file an
11 application for Final Order upon notice to only those Creditors, holders of Interests,
12 and parties that have filed requests for notice at any time after the Petition Date,
13 after which an order approving the Reorganized Debtor's final report and closing
14 the Reorganization Case may be entered. Exercise of the Bankruptcy Court's
15 continuing jurisdiction of matters related to the Plan Trust Agreement shall not
16 require that the Bankruptcy Case be reopened.

17 25.11 Interest. Whenever interest is to be computed under the Plan,
18 interest shall be simple interest and not compounded.

19 25.12 Additional Assurances. The Debtor, the Reorganized Debtor, the
20 Plan Trustee, the Participating Parishes, the Participating Catholic Entities, the
21 Note 2 Parishes, the Note 3 Parish, the Parish Group 1, the Parish Group 2 and
22 the Creditors holding Claims herein will execute such other further documents as
23 are necessary to implement any of the provisions of the Plan.

24 25.13 Cramdown. The Proponents hereby request, if necessary,
25 confirmation of the Plan pursuant to Bankruptcy Code §1129(b) with respect to
26 any impaired Class of Claims which does not vote to accept the Plan.

1 25.14 Fractional Dollars. Notwithstanding any other provision of the Plan,
2 no payments or distributions under the Plan of or on account of fractions of dollars
3 shall be made. When any payment or distribution of or on account of a fraction of
4 a dollar to any holder of an Allowed Claim would otherwise be required, the actual
5 payment or distribution made will reflect a rounding of such fraction to the nearest
6 whole number (up or down).

7 25.15 Dissolution of Committees and termination of FCR. On the 30th day
8 after latter of the dates on which (a) the TCR's estimation of the aggregate amount
9 of the Matrix Tort Claims, Litigation Tort Claims and Non-Releasing Litigation Tort
10 Claims pursuant to Article 11.2.4 becomes a Final Order, or (b) the Confirmation
11 Order becomes a Final Order, the TLC and the TCC shall be dissolved. The
12 FCR's appointment shall be terminated on the latter of the Effective Date and the
13 date on which the Confirmation Order becomes a final order. If the TCR or the
14 Plan Trustee resigns or becomes unable to serve, the TCC and the TLC as
15 constituted on the date of their dissolution shall be automatically reconstituted, the
16 FCR's appointment shall be automatically reinstituted, and the employment of their
17 respective counsel shall be automatically approved, for the sole purpose of
18 representing their respective constituencies and clients in connection with the
19 appointment of a successor until a successor is appointed pursuant to a Final
20 Order, and their fees, costs and expenses shall be paid pursuant to Article 25.3.

21 25.16 Headings. The headings of the articles, paragraphs, and section of
22 the Plan are inserted for convenience only and will not affect the interpretation
23 hereof.

24 25.17 Successors and Assigns. The rights, benefits and obligations of any
25 Person named or referred to in the Plan shall be binding upon, and will inure to the
26

1 benefit of, the heirs, executors, administrators, successors or assigns of such
2 Person.

3 **ARTICLE 26**
4 **NON-MONETARY UNDERTAKINGS OF DEBTOR**

5 The Debtor and/or Bishop William S. Skylstad will undertake the following
6 non-monetary obligations within thirty (30) days after the Effective Date, unless
7 otherwise noted.

8 26.1 For a period of not less than 9 years after the Effective Date, the
9 Debtor will post on the Diocesan web site the names of ALL known Spokane
10 diocesan clergy, religious clergy not incardinated in the Spokane diocese who
11 nevertheless were functioning as clergy in and for the Spokane diocese, and order
12 clergy or religious who are admitted, proven or credibly accused perpetrators. For
13 any such perpetrator who is deceased, the name of such perpetrator shall be
14 posted in accordance with the Spokane diocesan Review Board Policy which
15 provides for publication of the name of a deceased priest against whom a credible
16 allegation of sexual abuse has been made only if it is requested by the abused
17 person that the deceased priest's name be publicized. Notwithstanding the
18 foregoing, the Debtor shall maintain the posting for any longer period of time if
19 recommended by the U.S. Conference of Catholic Bishops.

20 26.2 Debtor will also continue publication on the web site of the postings
21 of admitted, proven or credibly accused perpetrators described above which have
22 been posted since 2002 for the same period of time as described in Article 26.1
23 above.

24 26.3 Within one (1) year after the Effective Date, Bishop Skylstad will
25 himself go to every parish in which any children were abused or where
26 perpetrators served and read from the pulpit a statement identifying all

1 perpetrators that have served in the parish and urge people to come forward and
2 contact law enforcement, the diocesan Victim's Assistance Coordinator and/or any
3 survivor group or organization felt appropriate by the person wishing to make a
4 report of abuse.

5 26.4 Debtor will publish in the Inland Register four times per year for five
6 (5) years after the Effective Date and one time per year for twenty (20) years
7 thereafter, a prominent statement urging persons sexually abused by priests or
8 religious to come forward and contact law enforcement, and the diocesan Victim's
9 Assistance Coordinator and/or any survivor group or organization felt appropriate
10 by the person wishing to make a report of abuse.

11 26.5 Bishop Skylstad will publicly support a complete elimination of all
12 criminal statutes of limitation for child sexual abuse.

13 26.6 For two (2) years after the Effective Date, the Debtor will allow any
14 person holding an Allowed Tort Claim to speak publicly in the parish where they
15 were Abused at a time mutually agreed upon by the person holding the Allowed
16 Tort Claim, the Debtor and the parish pastor and/or administrator. Any such
17 persons holding an Allowed Tort Claim who wishes to so speak publicly in the
18 parish where they were abused shall be entitled to speak on no more than one
19 occasion per Tort Claimant and reasonable notice of the occasion, time and place
20 of his or her presentation shall be given by the Debtor or the parish to parish
21 members.

22 26.7 Debtor will make available reasonable space but not more than one
23 full page in each issue of the Inland Register for two (2) years after the Effective
24 Date to allow Tort Claimants to tell their stories of abuse by priests if they desire to
25 publish their stories.

26.8 Debtor, and its representatives, will not refer either verbally or in print to the Claims of Tort Claimants as "alleged" Claims.

26.9 Within a reasonable time after the allowance of any Tort Claim, Bishop Skylstad will send letters of apology to the Tort Claimant and, if requested by the Tort Claimant, his or her immediate family.

ARTICLE 27 REQUEST FOR CONFIRMATION

The Proponents request entry of a Confirmation Order pursuant to §1129 of the Bankruptcy Code.

Dated this 7th day of March, 2007.

RIDDELL WILLIAMS P.S.

BUSH STROUT & KORNFELD

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